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SUBJECT: CHARTING OUT INTER-KOREAN COOPERATION

REF: A. SEOUL 634

[1](#)B. 05 SEOUL 4057

Classified By: POL M/C Joseph Y. Yun. Reasons 1.4 (b/d)

[1](#)1. (C) SUMMARY: At February 27 - March 2 inter-Korean ministerial talks, the Koreans agreed to resume several stalled North-South projects, including: construction of a family reunion center at Mt. Kumgang; video and direct family reunions; Economic Cooperation Promotion Committee and Red Cross talks; test runs of inter-Korean railways within the first half of this year; and ROKG humanitarian aid (ref A). The Koreans are now in the process of turning these projects back on, especially those suspended in the wake of the DPRK missile launches in July 2006 and nuclear test in October [1](#)2006. While ROKG officials have insisted that inter-Korean cooperation will remain "one-half step" behind progress in Six-Party Talks (6PT), the ROKG seems to be proceeding on the assumption that the DPRK will fulfill all of its obligations under the February 13 "Initial Actions" agreement. END SUMMARY.

20TH INTER-KOREAN MINISTERIAL

[1](#)2. (SBU) Capitalizing on the February 13 "Initial Actions" agreement, North and South Korean delegates to the 20th round of inter-Korean ministerial talks (February 27 - March 2, 2007), agreed to resume stalled inter-Korean projects (ref A). The two Koreans pledged to resume construction of the separated family reunion center at Mt. Kumgang and to hold video and direct family reunions as well as working-level and plenary Economic Cooperation Promotion Committee (ECPC) talks and Red Cross talks. They also agreed to conduct test runs of inter-Korean railways within the first half of this year, after military authorities implemented guarantee measures. Finally, both sides agreed to take steps to promote the Kaesong Industrial Complex.

SEPARATED FAMILY REUNION CENTER

[1](#)3. (SBU) At March 9 - 10 working-level Red Cross talks, the two Koreans decided to resume construction of a separated

family reunion center at Mt. Kumgang on March 21. Construction of the center was suspended following the DPRK's decision to halt joint humanitarian projects with the ROK Red Cross, including family reunions, in a tit-for-tat response to the ROKG's decision to suspend rice and fertilizer assistance after the DPRK's missile launches in July 2006. According to press reporting, Hyundai Asan had completed about 20 percent of the 19,000-square meter, 12-story separated family reunion center at Mt. Kumgang as of July 2006.

14. (SBU) At the same March 9 - 10 talks, the ROK Red Cross also agreed to provide construction materials and equipment (worth roughly USD 3.1 million) to construct a "permanent" video family reunion center in Pyongyang. The ROK decided to give an additional USD 400,000 in cash to the DPRK Red Cross to buy video communication equipment (computers, LCD monitors, etc.) and vehicles (10 buses, 6 passenger cars) for use in future video family reunions. ROK Red Cross assistance for construction of the video family reunion center, including the cash assistance, had been agreed to during June 2006, but was not delivered, according to press reports.

FAMILY REUNIONS

15. (SBU) The two Koreas have held 14 rounds of family reunions since August 2000 and four rounds of video family reunions since August 2005. Over 13,000 Koreans have participated in the reunions, but in the ROK alone the waiting list is 90,000, according to press reports. The Koreas have agreed to hold the 5th round of video family reunions March 27-29, 2007. The last round of video family reunions had been planned for August 2006, but was canceled following the missile launches. The 15th round of family reunions is set for May 9-14, 2007 at Mt. Kumgang. The 14th round of family reunions in June 2006 involved four stages in which the ROK and DPRK sides each identified 200 "delegates," and then the other side located "relatives" to meet with the delegates. Specifically, 100 DPRK "delegates" or "participants" met with 407 ROK "relatives," June 19 - 21; 100 ROK "delegates" met with their "relatives," June 22 - 24; 100 DPRK "delegates" met with 414 ROK "relatives," June 25-27; and, 100 ROK "delegates" met with their "relatives," June 28-20. Generally, the ROK is able to find more "relatives" willing to participate in the reunions than the DPRK, so the count of DPRK "delegates" is harder to identify.

16. (SBU) From time to time, "missing" South Koreans turn up at family reunions held in the DPRK, which can be a sensitive issue for both sides. During the 14th round of family reunions in June 2006, Kim Young-nam, a ROK citizen who was allegedly abducted by the DPRK in 1978 and who married Japanese abductee Megumi Yokota, was allowed to meet with his visiting mother, an event that some in the ROK perceived as a sign of DPRK flexibility. During the 13th round of family reunions in March 2006, an incident arose when the DPRK demanded an apology after a ROK reporter used the word "abductee" to describe a former ROK fisherman who was taken from the ROK in the 1960 and allowed to see his visiting ROK wife during the reunions. In protest, all ROK reporters pulled out of the reunion. In the course of 13 rounds of family reunions from November 2000 to February 2006, a total of 12 ROK POWs and 12 ROK abductees were able to meet with their South Korean relatives, while the fates and whereabouts of another 100 POWs and abductees have been confirmed.

POWS AND ABDUCTEES

17. (SBU) The eighth round of inter-Korean Red Cross talks are set to be held April 10 - 12 at Mt. Kumgang and are expected to discuss those (Koreans) "missing" during and after the Korean War. South Korean officials in conversations with U.S. interlocutors have stressed that

getting the DPRK to agree to discuss, in some fashion, ROK POWs and MIAs was a successful outcome of the North-South ministerial. While it is positive that the DPRK agreed to continue these discussions, the issue has been discussed without success since the 4th round of inter-Korean Red Cross talks in 2002. During the sixth round of inter-Korean Red Cross talks (August 23 - 25 2005), the ROK even presented a list of 2,000 missing South Koreans, comprising POWs, abductees and others, but the DPRK rejected the list and stated the DPRK would not acknowledge the existence of abductees, only that some Koreans from the South were living voluntarily in the DPRK (ref B). The ROKG has stated that around 1,000 ROK are still living in North Korea, around half abducted since the Korean War and the other half POWs. The Korean War Abductees Family Union (KWAFU), a ROKG NGO, estimates that between 80,000 and 100,000 South Korean civilians were abducted by the DPRK between 1950 and 1953.

FERTILIZER AND RICE HUMANITARIAN AID

¶18. (C) The Koreans at the February 27 - March 2 ministerial agreed to resume working-level talks of the Economic Cooperation Promotion Committee (ECPC) on March 14 - 15 to discuss the Kaesong Industrial Complex and the 13th round of the plenary ECPC talks April 18 - 21 to discuss "various issues concerning economic cooperation." At the April ECPC talks, the Korea are expected to discuss the resumption of rice "loans" to the DPRK. At the March ministerial, the ROKG "agreed in principle" to give the DPRK 300,000 metric tons of fertilizer and 400,000 metric tons of rice. ROKG officials, publicly and privately, have stressed that the April ECPC talks will come after the first 60 days of the "Initial Actions" agreement, so ROK aid can be calibrated with DPRK actions toward denuclearization. On March 9, MOFAT counterparts signaled that the ROKG intended to ship 6,000 tons of fertilizer to the DPRK at the end of March, the fertilizer would arrive approximately the same time as the 50,000 tons of heavy fuel oil deliveries to the DPRK. MOFAT officials have told us that the remainder of the expected 300,000 tons of fertilizer that the DPRK in March requested from the ROK would be shipped over a three-month period, and could be terminated if the DPRK failed to fulfill its commitments to denuclearization.

¶19. (SBU) At the 12th round of the ECPC talks, June 3 - 6, 2006, the Koreans agreed that the ROKG would supply USD 80 million worth of light industry raw materials to the DPRK, and the DPRK would repay three percent of this with raw material like zinc ingot, magnesia clinker, and other resources. The ROKG, however, suspended this project following the DPRK's nuclear test in October 2006. This topic is likely to be revisited at the 13th round of ECPC talks April 18 - 21.

TEST RUNS OF RAILWAYS

¶10. (SBU) At the March North-South ministerial, the Koreans agreed to "carry out test runs of trains on the inter-Korean railways within the first half of this year, as soon as the military guarantee measures are put in place." At working-level ECPC talks March 14 - 15 in Kaesong, the ROK linked its pledge of assistance for DPRK light industries, like clothing and soap production, to the trial runs along the railways, but the talks ended without agreement. An unnamed ROK Unification Ministry official told reporters that when there is a trial run of the railway, an agreement on light-industry cooperation projects will kick-in automatically. Last year, the Koreans had agreed to hold rail crossings on May 25, 2006, but the DPRK canceled at the last minute, apparently due to objections from its military authorities. At the time, the North's official media outlet, KCNA, said that it was "impossible to conduct the trial runs without a military security agreement."

¶11. (SBU) The biggest obstacle blocking the trial runs of the trains, allegedly, has been the DPRK military, which is not officially represented at inter-Korean ministerial talks.

This has allowed the DPRK military to claim that agreements on military issues are void without their consent. The fourth round of North-South General Officer Talks, May 16-18, 2006 was called to discuss ways to avoid armed clashes in the West Sea, establish a joint fishing area in the West Sea, and to reach a security guarantee on the railways. The discussions stalled, however, when the DPRK insisted first on redrawing the Western sea border. After the Korean War, the United Nation Command delineated a de facto border, the Northern Limitation Line, but the DPRK never recognized it. Despite recent agreements to restart the trial runs of trains, some remain skeptical that the DPRK will allow them to occur.

KAESONG INDUSTRIAL COMPLEX

¶12. (SBU) Following the DPRK missile launches in July 2006, South Korea in September stopped leasing land to ROK companies interested in investing in the Kaesong Industrial Complex (KIC). Shortly after the February 13 "Initial Actions" agreement, however, on February 20, ROK Unification Minister Lee Jae-joung told reporters that the Ministry would resume the halted expansion of the KIC by mid-April at the latest. The Koreans at the ministerial, February 27 - March 2, then agreed to promote the construction of the KIC and "take necessary steps in this regard." As of March 14, 2007 a total of 21 South Korean garment and other labor-intensive plants are currently in operation in the complex, employing 11,160 North Korean workers. ROK officials have publicly claimed that a resumption of the inter-Korean railway would provide a boost for investment and construction in the KIC.

COMMENT

¶13. (C) The February 13 "Initial Actions" agreement has jump-started inter-Korean relations. Seoul appears to be proceeding on the assumption that Pyongyang will fulfill all of its February 13 "Initial Actions" obligations. The two Koreas have mapped out a resumption of projects and will hold the next round of ministerials May 29 - June 1 in Seoul to look at follow-on steps. The debate about how fast to go on inter-Korean projects have already spilled over to the ROK presidential election campaign and has included discussions about a possible inter-Korean summit in 2007. The heart of the debate is whether the action-for-action concept has worked in North-South engagement. Conservatives would argue that there have been no reciprocal actions from the North in return for rice, fertilizer and other assistance. Progressives, on the other hand, would point to the engagement policy as a long-term policy with small initial payoffs. Many progressives would also argue that the lack of North-South hostilities is enough for now. END COMMENT.
VERSHBOW